

## Centers for Medicare & Medicaid Services, HHS

## § 434.6

### § 433.322 Maintenance of Records.

The Medicaid agency must maintain a separate record of all overpayment activities for each provider in a manner that satisfies the retention and access requirements of 45 CFR 92.42.

[77 FR 31512, May 29, 2012]

## PART 434—CONTRACTS

### Subpart A—General Provisions

Sec.

434.1 Basis and scope.

434.2 Definitions.

434.4 State plan requirement.

434.6 General requirements for all contracts and subcontracts.

### Subpart B—Contracts with Fiscal Agents and Private Nonmedical Institutions

434.10 Contracts with fiscal agents.

434.12 Contracts with private nonmedical institutions.

434.14 [Reserved]

### Subpart C [Reserved]

### Subpart D—Contracts With Health Insuring Organizations

434.40 Contract requirements.

### Subpart E [Reserved]

### Subpart F—Federal Financial Participation

434.70 Conditions for Federal Financial Participation (FFP).

434.76 Costs under fiscal agent contracts.

434.78 Right to reconsideration of disallowance.

AUTHORITY: Sec. 1102 of the Social Security Act (42 U.S.C. 1302).

SOURCE: 48 FR 54020, Nov. 30, 1983, unless otherwise noted.

### Subpart A—General Provisions

#### § 434.1 Basis and scope.

(a) *Statutory basis.* This part is based on section 1902(a)(4) of the Act, which requires that the State plan provide for methods of administration that the Secretary finds necessary for the proper and efficient operation of the plan.

(b) *Scope.* This part sets forth the requirements for contracts with certain organizations for furnishing Medicaid services or processing or paying Medicaid claims, or enhancing the agen-

cy's capability for effective administration of the program.

[48 FR 54020, Nov. 30, 1983; 48 FR 55128, Dec. 9, 1983, as amended at 67 FR 41095, June 14, 2002]

#### § 434.2 Definitions.

As used in this part, unless the context indicates otherwise—

*Fiscal agent* means an entity that processes or pays vendor claims for the agency.

*Health care projects grant center* means an entity that—

(a) Is supported in whole or in part by Federal project grant financial assistance; and

(b) Provides or arranges for medical services to beneficiaries.

*Private nonmedical institution* means an institution (such as a child-care facility or a maternity home) that—

(a) Is not, as a matter of regular business, a health insuring organization or a community health care center;

(b) Provides medical care to its residents through contracts or other arrangements with medical providers; and

(c) Receives capitation payments from the Medicaid agency, under a nonrisk contract, for its residents who are eligible for Medicaid.

*Professional management service or consultant firm* means a firm that performs management services such as auditing or staff training, or carries out studies or provides consultation aimed at improving State Medicaid operations, for example, with respect to reimbursement formulas or accounting systems.

[48 FR 54020, Nov. 30, 1983; 48 FR 55128, Dec. 9, 1983, as amended at 52 FR 22322, June 11, 1987; 55 FR 51295, Dec. 13, 1990; 67 FR 41095, June 14, 2002]

#### § 434.4 State plan requirement.

If the State plan provides for contracts of the types covered by this part, the plan must also provide for meeting the applicable requirements of this part.

#### § 434.6 General requirements for all contracts and subcontracts.

(a) *Contracts.* All contracts under this part must include all of the following:

## § 434.10

(1) Include provisions that define a sound and complete procurement contract, as required by 45 CFR part 74.

(2) Identify the population covered by the contract.

(3) Specify any procedures for enrollment or reenrollment of the covered population.

(4) Specify the amount, duration, and scope of medical services to be provided or paid for.

(5) Provide that the agency and HHS may evaluate through inspection or other means, the quality, appropriateness and timeliness of services performed under the contract.

(6) Specify procedures and criteria for terminating the contract, including a requirement that the contractor promptly supply all information necessary for the reimbursement of any outstanding Medicaid claims.

(7) Provide that the contractor maintains an appropriate record system for services to enrolled beneficiaries.

(8) Provide that the contractor safeguards information about beneficiaries as required by part 431, subpart F of this chapter.

(9) Specify any activities to be performed by the contractor that are related to third party liability requirements in part 433, subpart D of this chapter.

(10) Specify which functions may be subcontracted.

(11) Provide that any subcontracts meet the requirements of paragraph (b) of this section.

(12) Specify the following:

(i) No payment will be made by the contractor to a provider for provider-preventable conditions, as identified in the State plan.

(ii) The contractor will require that all providers agree to comply with the reporting requirements in § 447.26(d) of this subchapter as a condition of payment from the contractor.

(iii) The contractor will comply with such reporting requirements to the extent the contractor directly furnishes services.

(b) *Subcontracts.* All subcontracts must be in writing and fulfill the requirements of this part that are appropriate to the service or activity delegated under the subcontract.

## 42 CFR Ch. IV (10–1–12 Edition)

(c) *Continued responsibility of contractor.* No subcontract terminates the legal responsibility of the contractor to the agency to assure that all activities under the contract are carried out.

[48 FR 54020, Nov. 30, 1983, as amended at 67 FR 41095, June 14, 2002; 76 FR 32837, June 6, 2011]

### Subpart B—Contracts with Fiscal Agents and Private Nonmedical Institutions

#### § 434.10 Contracts with fiscal agents.

Contracts with fiscal agents must—

(a) Meet the requirements of § 434.6;

(b) Include termination procedures that require the contractors to supply promptly all material necessary for continued operation of payment and related systems. This material includes—

(1) Computer programs;

(2) Data files;

(3) User and operation manuals, and other documentation;

(4) System and program documentation; and

(5) Training programs for Medicaid agency staff, their agents or designated representatives in the operation and maintenance of the system;

(c) Offer to the State one or both of the following options, if the fiscal agent or the fiscal agent's subcontractor has a proprietary right to material specified in paragraph (b) of this section:

(1) Purchasing the material; or

(2) Purchasing the use of the material through leasing or other means; and

(d) State that payment to providers will be made in accordance with part 447 of this chapter.

#### § 434.12 Contracts with private non-medical institutions.

Contracts with private nonmedical institutions must—

(a) Meet the requirements of § 434.6;

(b) Specify a capitation fee based on the cost of the services provided, in accordance with the reimbursement requirements prescribed in part 447 of this chapter; and

(c) Specify when the capitation fee must be paid.